

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Township of Ross*  
*Kalamazoo County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2006*

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Township of Ross, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Ross, Michigan, as of March 31, 2006, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Ross, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Ross, Michigan, as of March 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information on pages 18 through 20, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Ross, Michigan's basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Township of Ross, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

*Siegfried Crandall P.C.*

May 3, 2006

## **BASIC FINANCIAL STATEMENTS**

**Township of Ross**  
**STATEMENT OF NET ASSETS**  
March 31, 2006

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	<u><b>Governmental activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 939,753
Receivables, net	80,932
Prepaid expenses	<u>4,528</u>
Total current assets	<u>1,025,213</u>
Noncurrent assets:	
Receivables, net	208,760
Capital assets, net of accumulated depreciation	<u>616,750</u>
Total noncurrent assets	<u>825,510</u>
Total assets	<u>1,850,723</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	4,593
Contract payable	<u>17,397</u>
Total current liabilities	21,990
Noncurrent liabilities:	
Contract payable	<u>208,760</u>
Total liabilities	<u>230,750</u>
<b>NET ASSETS</b>	
Invested in capital assets	616,750
Restricted:	
Public safety	262,913
Public works	47,003
Unrestricted	<u>693,307</u>
Total net assets	<u>\$ 1,619,973</u>

See notes to financial statements

**Township of Ross**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2006

	<u>Program Revenues</u>				<u>Net (expenses) revenues and changes in net assets</u>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Governmental activities</u>
<b>Functions/Programs</b>					
Governmental activities:					
Legislative	\$ 14,256	\$ -	\$ -	\$ -	\$ (14,256)
General government	345,762	99,879	-	6,000	(239,883)
Public safety	292,605	48,938	4,911	57,315	(181,441)
Public works	53,376	28,097	5,157	-	(20,122)
Community and economic development	20,663	13,175	-	-	(7,488)
Culture and recreation	15,454	15,033	-	-	(421)
Debt service - interest	<u>14,055</u>	<u>14,055</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 756,171</u>	<u>\$ 219,177</u>	<u>\$ 10,068</u>	<u>\$ 63,315</u>	<u>(463,611)</u>
General revenues:					
Taxes					296,178
State grants					285,705
Investment income					23,455
Other					<u>1,737</u>
Total general revenues					<u>607,075</u>
Change in net assets					143,464
Net assets - beginning					<u>1,476,509</u>
Net assets - ending					<u>\$ 1,619,973</u>

See notes to financial statements

**Township of Ross**  
**BALANCE SHEET - governmental funds**  
March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Sewer</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$ 635,066	\$ 258,562	\$ 400	\$ 45,725	\$ 939,753
Receivables	56,045	4,365	228,004	1,278	289,692
Total assets	<u>\$ 691,111</u>	<u>\$ 262,927</u>	<u>\$ 228,404</u>	<u>\$ 47,003</u>	<u>\$ 1,229,445</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 2,332	\$ 14	\$ 2,247	\$ -	\$ 4,593
Deferred revenue	-	-	226,157	-	226,157
Total liabilities	2,332	14	228,404	-	230,750
Fund balances:					
Unreserved, undesignated	688,779	262,913	-	47,003	998,695
Total liabilities and fund balances	<u>\$ 691,111</u>	<u>\$ 262,927</u>	<u>\$ 228,404</u>	<u>\$ 47,003</u>	<u>\$ 1,229,445</u>

Total fund balances - total governmental funds \$ 998,695

Amounts reported for *governmental activities* in the statement of net assets (page 4) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 616,750

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 226,157

Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds. 4,528

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds. (226,157)

Net assets of *governmental activities* \$ 1,619,973



**Township of Ross****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds**

Year ended March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Sewer</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>					
Taxes	\$ 247,375	\$ 115,915	\$ -	\$ -	\$ 363,290
Licenses and permits	43,885	-	-	-	43,885
Federal grant - FEMA	-	56,160	-	-	56,160
State grants	295,773	-	-	-	295,773
Charges for services	43,308	-	-	-	43,308
Fines and forfeitures	5,053	-	-	-	5,053
Interest and rentals	19,397	4,058	14,055	-	37,510
Other	18,881	2,637	18,285	28,097	67,900
Total revenues	<u>673,672</u>	<u>178,770</u>	<u>32,340</u>	<u>28,097</u>	<u>912,879</u>
<b>EXPENDITURES</b>					
Legislative	14,256	-	-	-	14,256
General government	322,297	-	-	-	322,297
Public safety	156,103	89,619	-	-	245,722
Public works	49,597	-	-	18,416	68,013
Community and economic development	20,663	-	-	-	20,663
Recreation and culture	9,217	-	-	-	9,217
Capital outlay	20,482	78,857	-	-	99,339
Debt service:					
Principal	-	-	18,285	-	18,285
Interest	-	-	14,055	-	14,055
Total expenditures	<u>592,615</u>	<u>168,476</u>	<u>32,340</u>	<u>18,416</u>	<u>811,847</u>
<b>NET CHANGE IN FUND BALANCES</b>	81,057	10,294	-	9,681	101,032
<b>FUND BALANCES - BEGINNING</b>	<u>607,722</u>	<u>252,619</u>	<u>-</u>	<u>37,322</u>	<u>897,663</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 688,779</u>	<u>\$ 262,913</u>	<u>\$ -</u>	<u>\$ 47,003</u>	<u>\$ 998,695</u>

See notes to financial statements

**Township of Ross**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - governmental funds (Continued)**  
*Year ended March 31, 2006*

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Net change in fund balances - total governmental funds	\$	101,032
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Amounts reported for *governmental activities* in the statement of activities (page 5) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$(100,131) exceeded depreciation \$(51,708) in the current period.	48,423
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Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds	(5,991)
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Collections on special assessments receivable is a revenue in the governmental funds, but the collections reduce long-term receivables in the statement of net assets. This is the amount by which special assessment receivable was reduced in the current period	(18,285)
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Repayment of contract principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which long-term liabilities were reduced in the current period.	<u>18,285</u>
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Change in net assets of <i>governmental activities</i>	<u>\$</u>	<u>143,464</u>
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**Township of Ross**  
**STATEMENT OF FIDUCIARY NET ASSETS - agency funds**  
*March 31, 2006*

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**ASSETS**

Cash	\$ <u>27,349</u>
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**LIABILITIES**

Due to other governmental units	\$ <u>27,349</u>
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*See notes to financial statements*

**Township of Ross**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Ross, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

**Township of Ross**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used for the operational costs of the Township public safety functions. Revenues are primarily derived from property taxes.

The Sewer Debt Service Fund accounts for the issuance and payment of debt related to sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

The Township reports a single fiduciary fund, its Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

*d) Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Township of Ross**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) Assets, liabilities, and net assets or equity (continued):**

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	3 - 5 years
Vehicles	10 - 15 years
Roads	40 years

v) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

**Township of Ross**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):**

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Capital outlay	\$ 14,000	\$ 20,482	\$ (6,482)
Other governmental	Public works	-	10,606	(10,606)

**NOTE 3 - CASH:**

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	\$ 939,753	\$ 27,349	\$ 967,102

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2006, the Township had deposits with a carrying amount of \$967,102.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2006, \$774,441 of the Township's bank balances of \$974,441 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Township of Ross**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the Township's individual major and nonmajor funds, in the aggregate, are as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Special assess- ments</i>	<i>Inter- govern- mental</i>	<i>Totals</i>
General	\$ 8,512	\$ -	\$ 47,533	\$ 56,045
Fire	4,365	-	-	4,365
Sewer Debt Service	-	228,004	-	228,004
Nonmajor funds	-	1,278	-	1,278
<b>Totals</b>	<b>\$ 12,877</b>	<b>\$ 229,282</b>	<b>\$ 47,533</b>	<b>\$ 289,692</b>
Noncurrent portion	\$ -	\$ 208,760	\$ -	\$ 208,760

All receivables are considered fully collectible.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2006, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 15,653	\$ -	\$ -	\$ 15,653
Capital assets being depreciated:				
Buildings and improvements	294,679	7,857	1,224	301,312
Equipment	277,154	76,563	-	353,717
Vehicles	634,761	-	-	634,761
Roads	41,656	15,711	-	57,367
<b>Subtotal</b>	<b>1,248,250</b>	<b>100,131</b>	<b>1,224</b>	<b>1,347,157</b>
Less accumulated depreciation for:				
Buildings and improvements	173,033	9,898	1,224	181,707
Equipment	220,664	15,476	-	236,140
Vehicles	301,272	25,260	-	326,532
Roads	607	1,074	-	1,681
<b>Subtotal</b>	<b>695,576</b>	<b>51,708</b>	<b>1,224</b>	<b>746,060</b>
Total capital assets being depreciated, net	552,674	48,423	-	601,097
<b>Governmental activities capital assets, net</b>	<b>\$ 568,327</b>	<b>\$ 48,423</b>	<b>\$ -</b>	<b>\$ 616,750</b>



**Township of Ross**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS (Continued):**

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 5,819
Public safety	38,589
Public works	1,074
Recreation and culture	<u>6,226</u>
Total governmental activities	<u>\$ 51,708</u>

**NOTE 6 - DEFERRED REVENUE:**

As of March 31, 2006, the various components of deferred revenues are as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
Special assessments	<u>\$ -</u>	<u>\$ 226,157</u>	<u>\$ 226,157</u>

**NOTE 7 - LONG-TERM LIABILITIES:**

Long-term debt at March 31, 2006, is comprised of the following individual issues:

*Contracts payable:*

\$368,400 contracts payable, due to Gull Lake Sewer and Water Authority, payable in various annual installments, plus interest at 4.75%; final payment due May 2020	<u>\$ 226,157</u>
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Long-term liability activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Contracts payable	<u>\$ 244,442</u>	<u>\$ -</u>	<u>\$ (18,285)</u>	<u>\$ 226,157</u>	<u>\$ 17,397</u>

***Township of Ross***  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 7 - LONG-TERM LIABILITIES (Continued):**

Debt service requirements at March 31, 2006, were as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended March 31:		
2007	\$ 17,397	\$ 10,742
2008	17,397	9,916
2009	17,397	9,090
2010	17,397	8,263
2011	17,397	7,437
2012 - 2016	86,985	24,790
2017 - 2020	<u>52,187</u>	<u>4,958</u>
Totals	<u>\$ 226,157</u>	<u>\$ 75,196</u>

**NOTE 8 - PENSION PLAN:**

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan State Statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. Employees are eligible to participate on the first day of the month coincident with, or immediately following, their date of employment. The Township contributes 10% of the participating employee's annual compensation to the plan. The Township's contributions are fully vested from the first day of the plan. The Township made the required contribution of \$14,114 for the year ended March 31, 2006.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**NOTE 9 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

***Township of Ross***  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 10 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2006, is as follows:

Revenues	\$ 43,885
Expenses	<u>(44,270)</u>
Deficiency of revenues over expenses	<u>\$ (385)</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Ross**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 220,200	\$ 220,200	\$ 247,375	\$ 27,175
Licenses and permits	50,000	50,000	43,885	(6,115)
State grants	298,083	298,083	295,773	(2,310)
Charges for services	33,550	33,550	43,308	9,758
Fines and forfeitures	5,000	5,000	5,053	53
Interest	4,000	4,000	19,397	15,397
Other	10,000	10,000	18,881	8,881
	<u>620,833</u>	<u>620,833</u>	<u>673,672</u>	<u>52,839</u>
Total revenues				
<b>EXPENDITURES</b>				
Legislative	<u>20,100</u>	<u>20,100</u>	<u>14,256</u>	<u>5,844</u>
General government:				
Supervisor	39,650	39,650	39,340	310
Election	3,200	3,200	110	3,090
Assessor	21,200	21,200	21,477	(277)
Clerk	39,400	39,400	39,367	33
Board of review	1,700	1,700	1,342	358
Treasurer	42,400	42,400	43,184	(784)
Hall and grounds	79,500	79,500	71,644	7,856
Cemetery	2,200	4,000	3,953	47
Other	116,129	116,129	101,880	14,249
	<u>345,379</u>	<u>347,179</u>	<u>322,297</u>	<u>24,882</u>
Total general government				
Public safety:				
Police	114,630	114,630	115,025	(395)
Building inspections	<u>46,200</u>	<u>46,200</u>	<u>41,078</u>	<u>5,122</u>
	<u>160,830</u>	<u>160,830</u>	<u>156,103</u>	<u>4,727</u>
Total public safety				
Public works:				
Highways and streets	48,319	48,319	45,149	3,170
Street lights	<u>3,400</u>	<u>3,400</u>	<u>4,448</u>	<u>(1,048)</u>
	<u>51,719</u>	<u>51,719</u>	<u>49,597</u>	<u>2,122</u>
Total public works				
Community and economic development - planning and zoning	<u>24,720</u>	<u>24,720</u>	<u>20,663</u>	<u>4,057</u>

**Township of Ross****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2006

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Recreation and culture - parks and recreation	<u>\$ 8,950</u>	<u>\$ 8,950</u>	<u>\$ 9,217</u>	<u>\$ (267)</u>
Capital outlay	<u>14,000</u>	<u>14,000</u>	<u>20,482</u>	<u>(6,482)</u>
Total expenditures	<u>625,698</u>	<u>627,498</u>	<u>592,615</u>	<u>34,883</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(4,865)</u>	<u>(6,665)</u>	<u>81,057</u>	<u>87,722</u>
<b>FUND BALANCES - BEGINNING</b>	<u>607,722</u>	<u>607,722</u>	<u>607,722</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 602,857</u>	<u>\$ 601,057</u>	<u>\$ 688,779</u>	<u>\$ 87,722</u>

**Township of Ross**  
**BUDGETARY COMPARISON SCHEDULE - Fire Fund**  
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 103,000	\$ 113,000	\$ 115,915	\$ 2,915
Federal grant - FEMA	-	56,160	56,160	-
Interest	-	-	4,058	4,058
Other	-	-	2,637	2,637
Total revenues	<u>103,000</u>	<u>169,160</u>	<u>178,770</u>	<u>9,610</u>
<b>EXPENDITURES</b>				
Public safety	91,000	101,000	89,619	11,381
Capital outlay	<u>12,000</u>	<u>82,128</u>	<u>78,857</u>	<u>3,271</u>
Total expenditures	<u>103,000</u>	<u>183,128</u>	<u>168,476</u>	<u>14,652</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(13,968)	10,294	24,262
<b>FUND BALANCES - BEGINNING</b>	<u>252,619</u>	<u>252,619</u>	<u>252,619</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 252,619</u>	<u>\$ 238,651</u>	<u>\$ 262,913</u>	<u>\$ 24,262</u>

## **SUPPLEMENTARY INFORMATION**



**Township of Ross**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
*March 31, 2006*

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<u>Special revenue funds</u>			
	<u>Street Lighting</u>	<u>Sherman Lake Weed</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ 21,613	\$ 24,112	\$ 45,725
Receivables	<u>528</u>	<u>750</u>	<u>1,278</u>
Total assets	<u>\$ 22,141</u>	<u>\$ 24,862</u>	<u>\$ 47,003</u>
 <b>FUND BALANCES</b>			
Unreserved, undesignated	<u>\$ 22,141</u>	<u>\$ 24,862</u>	<u>\$ 47,003</u>

***Township of Ross***

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - *nonmajor governmental funds***

*Year ended March 31, 2006*

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	<u>Special revenue funds</u>		
	<u>Street Lighting</u>	<u>Sherman Lake Weed</u>	<u>Totals</u>
<b>REVENUES</b>			
Other	\$ 9,722	\$ 18,375	\$ 28,097
<b>EXPENDITURES</b>			
Public works	<u>7,810</u>	<u>10,606</u>	<u>18,416</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,912	7,769	9,681
<b>FUND BALANCES - BEGINNING</b>	<u>20,229</u>	<u>17,093</u>	<u>37,322</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 22,141</u>	<u>\$ 24,862</u>	<u>\$ 47,003</u>